

GOVERNANCE

It is beginning of 2011 and we see replays of the familiar story: the ruling coalition in Moldova at odds with itself. As bickering and infighting within coalition becomes fierier, voter has more and more reasons to ask whether any 'positive' lessons were learnt from the first spell at power by the components of the Alliance for European Integration (AEI) in 2009-2010. And what on earth was discussed and sorted out during the lengthy negotiation process to form the AEI-II if now the Alliance cannot come to common ground on the election of President? Cannot endorse a draft of public budget? Cannot maintain normal dialogue within itself? If leaders of coalition's factions are absorbed by muscle-flexing¹ aimed at assertion of who should become ultimate 'face' of the Alliance?

With coalition on the ropes domestically, it still has what it takes internationally. The new memorandum with the IMF was agreed, the Action Plan for visa liberalization received, and negotiations on DCFTA are about to start this year. Moreover, in the beginning of 2011 Moldova has appeared to become a new 'Mecca' for high-profile leaders from the EU and US. But beyond this glamorous look, will Moldova be able to deliver? As the EU-related reforms implementation comes to down-to-earth tasks and will approach its climax in future couple of years, the coalition has no spare time to be lost in bickering and tug of war.

With budget process in doldrums and with Government engulfed with infighting the sense of urgency of reforms apparently fades away. But overlooking this urgency could prove fatal for the coalition even if it survives the current tumult. The economy is still recovering but it was not healthy even before the crisis. The populace is in despair being hit by rocketing prices, ever higher tariffs and limited economic opportunities. Businesses, especially small and medium, are stifled by corruption, red-tape, rising costs and development constraints (such as poor roads and underdeveloped human capital). Jump-starting Moldovan economy has never been an easy task and it seems to be even more daunting now when the ruling coalition looks paralyzed by the conflicting drives for power and financial resources, when lack of trust is wide-spread and the whole society appears caught in a gargantuan prisoner's dilemma: everyone seeks to accomplish short-term narrow group objectives and no one has sufficient trust to invest in collective long-term goals. It is very probable that Moldovan political class will need now a new fillip from the abroad 'baby-sitters', but how far can country progress with this approach?

¹ Ominously enough, this muscle-flexing involves boasting the command over different nominally independent, but effectively "pocket" public agencies and services. So much about rule of law and democratic division of power.

In this issue:

- *Ruling coalition at odds with itself;*
- *Reviewed GDP forecast for 2011;*
- *Outlook of the real sector's evolutions;*
- *Positive trends in the banking sector;*
- *Foreign trade: back to the old pattern;*
- *New price hikes on the global markets.*

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REAL ECONOMY is a monthly economic review tracking the most important policy and economic evolutions. Its readers are policymakers, CEOs of domestic and international companies and banks, representatives of the international institutions and foreign embassies, political parties and economic journalists.

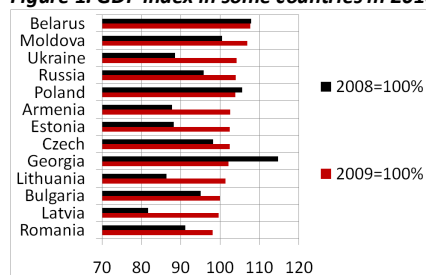
Used acronyms and abbreviations:

y-o-y - year on year; q-o-q - quarter on quarter;
Q4'07 – fourth quarter 2007; Jan'09 – January 2009;
NBS – National Bureau of Statistics; NEA – National Employment Agency; NBM – National Bank of Moldova; EG – Expert-Grup; MDL – Moldovan leu (national currency); p.p. – percentage points;

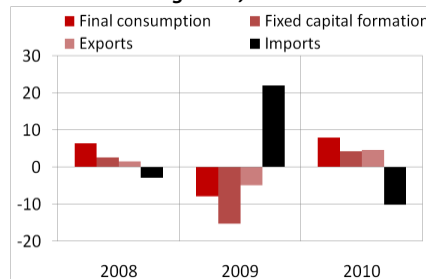
EXPERT-GRUP is a Moldovan policy think-tank whose mission is to create a working environment in which free and non-trivial thinking thrives in order for the institution to be a leading source of unbiased economic analysis and to effectively advocate for innovative ideas and solutions to the economic problems that Moldova encounters along its path of economic transformation, societal development and European integration.

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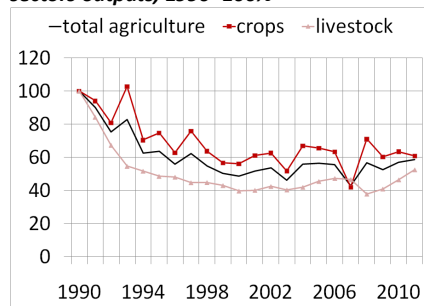
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Figure 1. GDP index in some countries in 2010

Source: EG calculations based on NBS, CIS Statistics and Eurostat data;

Figure 2. Contribution of expenditure elements to GDP growth, %

Source: EG calculations based on NBS data;

Figure 3. Index of agricultural total and sub-sectors outputs, 1990=100%

Source: NBS and EG forecast for 2011;

GDP

In 2010 Moldovan economy grew faster than other economies in the region, surpassing Governmental, NBM, IMF and EBRD expectations. The 6.9% yearly economic growth was very close to Expert-Grup estimates (7%, see MEGA, issue 3, http://www.expert-grup.org/library_upld/d286.pdf). Helped by the 2009 GDP negative growth recently reviewed upward by the NBS (from the preliminary estimate of -6.5% to -6.0%), the GDP growth in 2010 brought Moldova to the pre-crisis level of GDP (Figure 1).

The structure of registered economic growth reflects Moldova returning to the pre-crisis growth model based on consumption (Figure 2). The growth rate of final consumption advanced each quarter to reach 9% by the end of the year and thus contributing 116% to the annual economic growth. With 2009 being the only year in the last decade when net exports had positive contribution to economic growth, in 2010 the increasing domestic demand resulted in imports growth surpassing the growth of exports of goods and services.

The gross fixed capital formation take-off in the third quarter 2010 slowed down in the fourth one and registered an 18.6% y-o-y growth, with 62.3% contribution to the GDP growth. The growth episode was due to the massive program of construction works of houses for individuals affected by floods in Hancesti district, also reflected in the 19.4% growth of capital investments in residential buildings.

As prior to the 2009 crisis, in 2010 the gross value added increased slower than taxes on goods and imports: 6.1% vs. 11.6%, thus adding an important fiscal component to the GDP growth calculated at market prices. The most significant increase in GVA was registered in processing industry, trade and telecommunications.

Our revised forecasts indicate a GDP growth up to 5.7% in 2011, after accounting for the latest evolution in retail trade and services rendered to the population that increased significantly in Q4'10. Despite still significant decline in employment rate, the number of hours worked decreased at lower rates in the last two quarters of the year, making possible the upward correction of the GDP forecast for the current year.

REAL SECTOR

After a cumulative recession of 25% in 2006-2009, the recovery of the industrial sector in 2010 was sluggish, +7.0%, which was largely due to the one-off boom registered in the sugar production. Output in the constructions sector grew 6.5%, and most of the services sectors evolved positively: trade +8.2%, hotels and restaurants +5.2%, transport +6.6%, telecommunications +13%, and computer and information services +10%.

As for the agricultural sector, according to fresh official estimates, in 2010 the agricultural output increased 7.9% (5.2% in crops sector and 13.3% in livestock, Figure 3). The beginning of the agricultural year 2011 brought about new uncertainties for the Moldovan farmers. Russia voiced again its concerns related to the quality of vegetal goods and alcoholic beverages imported from Moldova. On the domestic front, the ban on exports of wheat introduced on 2 of February² with the purpose of "ensuring food security" has significantly altered the farmers' plans for the current year.

² Decision of the Government of Republic of Moldova no.52 of 02/02/2011 on temporary ban of exports of wheat.

With prices for agricultural inputs rising at high pace and thinning out the already meagre income of the farmers (Figure 4), such kind of moves can turn disastrous for Moldovan agriculture.

On 25 of January 2011 a new version of the regulation for agricultural subsidies has been discussed by Ministry of Agriculture with the sector's companies. However, the key point – financing volume and priorities – was not possible to discuss because the state budget for 2011 was not yet approved. In the budget draft recently passed by Moldovan government the amount of agricultural subsidies is proposed to be slashed by 150 million MDL. Representatives of seven farmers' associations have already displayed publicly their dissatisfaction³. Considering that farmers are important political constituency, the proposed reduction is likely to generate fierce debates in the Parliament and to be eventually reviewed.

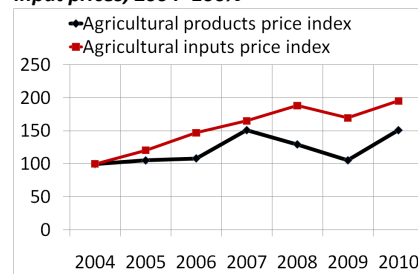
HOUSEHOLDS

The situation on the domestic labour market is still unstable and the weak signs of a possible recovery identified in Q3'10 have not turned true. In fact, in Q4'10 labour market indicators further worsened. Employed population dropped by almost 5% y-o-y, with decreases registered in all major sectors (agriculture, -10.5%, industry, -7.3%, constructions, -20%) except service sector where it remained constant. The only 'encouraging' evolution is that employment decreased mostly in informal occupations (-14%), while in formal occupation the decline was only 1%. Thus, individuals employed in lower-end activities were either fired or left employment that resulted in a drop in the under-employed population by 4% (Figure 5). Unemployment rate also increased to 7.5% reaching a historical maximum for the 4th quarter. National Employment Agency data show that the trend might continue in the first quarter of 2011 as the number of new registered unemployed increased by 22% in Jan-Feb'11 y-o-y. At the same time, the number of individuals placed in the labour market rose by 11% and tamed the rate of growth of registered unemployed.

The ascending trend of wages that started in June 2010 was interrupted in Dec'10 with 1% y-o-y decrease in the real wage. Only in few sectors the increase of nominal wages surpassed inflation (agriculture, industry, trade, hotels and restaurants, transport and telecommunication and financial activities). In the budgetary sector the rise in wages was more moderate.

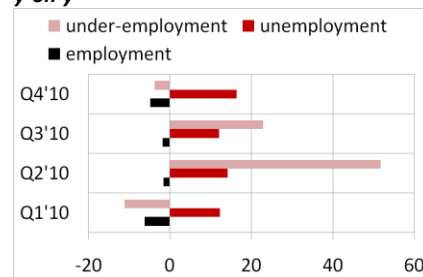
Meanwhile, remittances started to grow at high though not stable rate (in Dec'10 a 3.4% decrease y-o-y was registered). The 13% y-o-y growth in money remitted in Jan'11 was the strongest since the recovery started. With the growth rate of migrants speeding up (from around 4-5% in Q1-Q3'10 to 8% in Q4'10), we expect a further rise in remittances this year, but not sufficient to recover the pre-crisis level. Thus, remittances will continue to finance consumption that is already on stable increasing trend (volume of services rendered to population increased by 6.5% y-o-y in Q4'10 and retail trade by 10.5%). Based on these data we expect an overall increase in the volume of retail trade and services rendered to the population of 11% in 2011.

Figure 4. Evolution of agricultural output and input prices, 2004=100%



Source: NBS and EG estimates for 2010;

Figure 5. Evolution of employed, unemployed and under-employed population in 2010, %, y-on-y

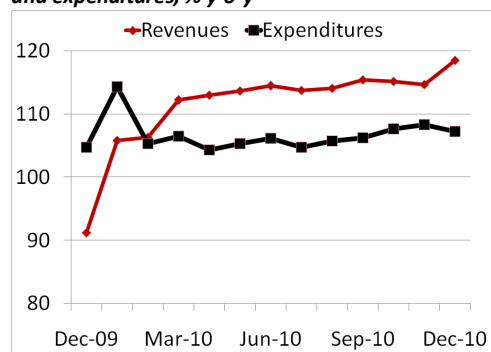


Source: EG calculations based on NBS data.

³ See the news report "The Moldovan farmers associations are demanding the increase of the farmers support fund to 500 million lei from the Government", <http://www.infomarket.md/en/agriculture/news/119259/>.

PUBLIC FINANCE

Figure 6. Evolution of budgetary revenues and expenditures, % y-o-y



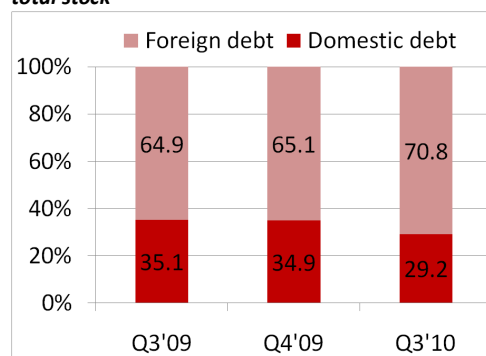
Source: Ministry of Finance;

The Law of state budget for 2011 was approved by the Government with huge delay and it still subject to Parliamentary review. For 2011 the planned revenues in the national public budget constitute 19 billion MDL, while the planned expenditures – 20.3 billion MDL. The key changes in the spending policy are: 1) the 37% reduction of funds allocated for subvention of agriculture (from 400 million down to 250); 2) the 34% increase of funds allocated to Road fund (from 580 million to 780 million).

In Q4'10 the growth rate of the budgetary revenue has exceeded that of public expenditures. This evolution can be primarily explained by the massive inflow of goods and the corresponding increase of VAT and excise revenues collected during the last quarter of the year. This positive trend has started back in February 2010; since then, its consistent evolution depicts the overall stabilization of public finance (Figure 6). The end of year MDL depreciation significantly encouraged the increase in budget revenue.

During the second quarter of 2011 the growth rate of the budgetary revenue will be further encouraged by the 50% surge of the excise duties on alcohol and tobacco products. The rise of the excise duties has been agreed upon with the IMF and aims to increase the budgetary revenues, thus reducing the country's dependency on foreign assistance.

Figure 7. The breakdown of public debt, % of total stock

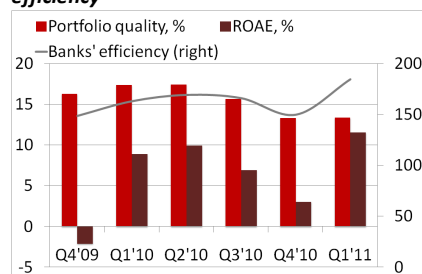


Source: Ministry of Finance, Public Debt Department;

For the first three quarters of 2010 the public debt stock has registered a 27% increase as compared to the corresponding figure registered at the end of 2009. At the same time, the public debt stock reached 30.2% of the GDP, a figure exceeding by 5.8 p.p. the 2009 indicator. The trend was accompanied by a decrease of the debt service to budget revenue ratio. Despite the increasing public debt stock, at that point in time the public debt portfolio did not yield any unreasonable mid-term risks. The breakdown of the public debt indicates an increase of the foreign debt which has reached 70.8% of public debt stock (the residual share of 29.2% is represented by the domestic debt). As compared to the corresponding figure registered at the end of 2009, the 2010 data indicate an increase of the share of public foreign debt by 5.7 p.p. (Figure 7). The debt management strategy recently approved by Ministry of Finance states that increased share of foreign public debt creates an elevated exposure to the exchange rate related risks. Such risks could be alleviated by increasing the share of domestic debt in the public debt stock. However, increasing the absolute volume of the domestic debt can also result in crowding out the private investment.

FINANCIAL SECTOR

Figure 8. The share of non-performing loans in total bank credits, ROAE and banks' efficiency



Source: NBM and EG calculations;

The two most important trends in the banking sector during the last couple of months are the improvement of the quality of banks' loan portfolios and the lending interest rates reaching historical lows. The robust economic recovery at the national and regional level, paralleled with the ease in monetary policy increased the demand for loans during 2010 which due to lower uncertainties was met by a more generous supply from the banks' side. As a result, most of commercial banks managed to improve the quality of their portfolios, by reducing the share of non-performing loans. It made their activity more efficient and, as a consequence, more profitable (Figure 8).

The amount of new loans rose sharply during 2010 with an average rate of 56.2%, mainly due to the revival in economic activity and very low comparison base. The 2011 started with a much lower growth rate (6.9% in Jan'11 y-o-y). The robust increase in lending activity correlated with the decrease in cost of credit: in Dec'10 the average interest on bank credits in national currency was 14.76% - a historical low for Moldova. In Jan'11 it slightly increased up to 15.24% on the grounds of monetary policy tightening.

On the other hand, the banking margin remained about 2.5 times higher than in the pre-crisis period, meaning that banks still keep their risk premiums at very high levels (Figure 9). This paradoxical situation is explained by the abundance of liquidities in the banking system. Thus, during the crisis, due to banks' increased reluctance regarding their crediting activity, the liquidity indicators reached new peaks, revealing on the one hand the sustainability of the banking sector, but, on the other hand, its low efficiency and high opportunity costs.

MONEY AND PRICES

The inflationary trends continue to jeopardize the social situation.

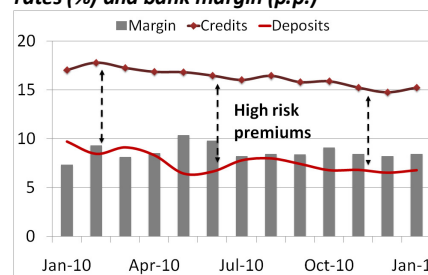
Despite a rather usual inflation rate in early 2011 (1.1% in Jan'11 in comparison with Dec'10), it was mainly registered for socially sensitive products. Foodstuffs are 2.5% more expensive, while the price increases for services and non-foodstuffs were more modest (+0.3% and +0.4% respectively).

The increase in prices on the foreign markets spurred the domestic prices for potatoes (+14.7%), wheat flour (+2.4%) and sugar (+5.4%); the seasonal factors significantly drove up the prices for vegetables (+8.3%), fresh fruits (+4.8%), fresh fish (+2.2%), milk (+3.5%) and eggs (+7.8%). Additionally, the trends on the foreign markets paralleled by domestic seasonal factors lead to a 3.3% increases in the prices for fuels. All mentioned factors were amplified by the national currency depreciation against the US dollar by 3% in December 2010 and by 0.6% in January 2011. To a very small extent, part of these social costs were compensated by a moderate decrease in prices for medicaments (-0.6%) due to direct interventionist measures undertaken by the Government.

At the same time, the y-o-y CPI in Jan'11 decreased by 1.4 p.p. in comparison with previous month reaching the level of 6.7%. It was conditioned by the high comparison base (high CPI in 2010) and absorption of the effects of regulated services price increases in 2010. Given the persisting monetary inflationary pressures (Figure 10), NBM started to gradually tighten its monetary policy by raising its base rate from 7% to 8% in Dec'10 and the mandatory reserves rate from 8% to 11% in Jan'11. At the same time, it started more actively sterilizing the excessive liquidities. However, the efficiency of these actions was partly undermined by the strong impact of the cost-push factors (Figure 11).

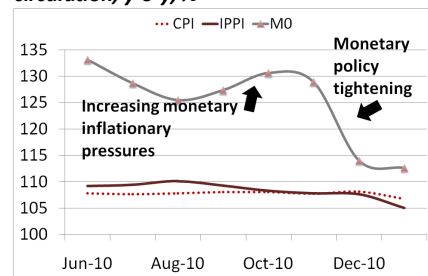
During the next several months we expect a moderate increase in the y-o-y CPI, mainly due to the increase in prices for natural gas and centralised heating. These will impact the CPI in two stages: 1) during the 1st semester, due to the increase in prices for housing utilities; 2) during the 2nd semester, through higher production costs.

Figure 9. Bank' average lending and deposit rates (%) and bank margin (p.p.)



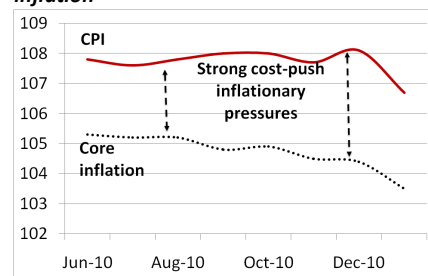
Source: NBM and EG calculations;

Figure 10. Evolution of CPI, industrial producers' prices index and money in circulation, y-o-y, %



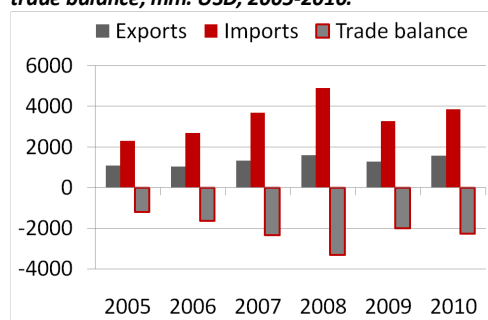
Source: NBM, NBS and EG calculations;

Figure 11. The gap between CPI and core inflation



Source: NBS;

Figure 12. Evolution of exports, imports and trade balance, mln. USD, 2005-2010.



Source: NBS;

FOREIGN TRADE

In 2010 foreign trade showed signs of returning to pre-crisis patterns. As in 2009 the goods' exports (22.9%) grew faster than imports (17.6%), but as in pre-crisis years the trade deficit continued to increase (14.2%, Figure 12). If recovery of remittances continues as it did in the end of 2010 and January of 2011 the full return to pre-crisis patterns may be on the cards.

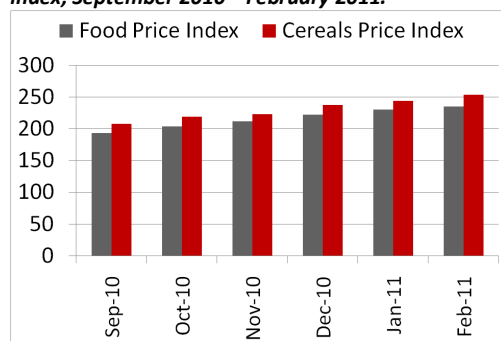
Geographical rebalancing of trade continued. The CIS share in foreign trade increased as the EU's declined. Russia strengthened its position as top destination for Moldovan exports with 25.5% in total Moldova exports. This trend is also highlighted by the evolution of the Herfindahl index of the geographical concentration of Moldovan exports which increased from 0.09 in pre-crisis years (2006-2007) to 0.12 in 2010 as share of the Russian market became more prominent.

Otherwise geographical diversification increased outside the EU and CIS markets; i.e. the share of other countries grew robustly. The top trade partners list features such countries as Turkey and China. If global economy trends are of any guide, the role of these countries is poised to increase. Furthermore, the position of Turkey will be further magnified by the eventual free trade agreement, which is one of the milestones in the conclusion of DCFTA agreement with the EU.

On the policy level, some disturbing developments took place in early 2011. The wheat export ban installed by the Moldovan government on the basis of food security concerns gives impression of passing the bill of the government's failure to replenish on time the Reserve Fund onto the private companies. Furthermore, information regarding the fact that some Moldovan companies made the cheapest wheat offer for Lebanon despite the ban, ushers in suspicion of the special interests behind this ban and can tarnish the reputation of the new Government.

GLOBAL MARKETS

Figure 13. Evolution of food and cereals price index, September 2010 – February 2011.



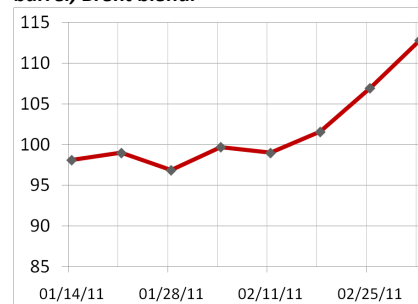
Source: FAO;

As oil demand increased at healthy rate of 2.7m b/d throughout 2010, the oil prices were hovering around 100 USD/b (Brent crude) by the beginning of February. Indeed, as emerging economies surge ahead while the advanced economies continue to recover steadily albeit slowly, all the signs are that oil demand will remain tight in 2011 as well. It is projected by the IEA to expand in 2011 by 1.5m b/d at the background of already tight oil supply with increases in production depending mostly on the OPEC countries;

The unrest in Middle East, thus, only pours oil on the fire. Although the Northern Africa holds only 5% share in global oil production, the disruption in oil production there can severely limit the availability of spare capacity needed to mollify the adverse impacts of unexpected (political or climate) threats to oil production or pacify fears related to the effects of rising demand. Moreover, should the unrest spread to the oil-producing states in Persian Gulf, and most of all to Saudi Arabia, the situation on the oil market can become apocalyptically dire. But even if worst scenario is avoided the slow but steady rise in oil prices can dent the global economic recovery as well as hit particularly hard poor oil-importing emerging economies, such as Moldova.

Furthermore, rising oil prices could drive up food prices. So far food prices have risen for eight consecutive months. Wheat prices increased by almost 60% since February 2010 (up to 356.4 USD per metric ton in January 2011) due to rising demand and adverse climate conditions in several wheat exporting countries. Populations of emerging economies, which still spend big share of its income on food, will bear the brunt of this development. For Moldova it is a new reminder of need to improve social safety net, promote competition in distribution and invest in modernization and competitiveness of agricultural production.

Figure 14. Evolution of oil price, USD per barrel, Brent blend.



Source: US Energy Information Administration;

STATISTICAL APPENDIX

TABLE 1. MOLDOVA: KEY SHORT-TERM ECONOMIC INDICATORS

	May'10	Jun'10	Jul'10	Aug'10	Sep'10	Oct'10	Nov'10	Dec'10	Jan'11	Feb'11
Industrial production growth rate, y-o-y, %	11.0	8.8	-0.2	2.3	13.9	16.8	7.6	2.3	n.a.	n.a.
Retail-trade growth rate, y-o-y, %	8.5	8.3	8.9	9.7	8.1	11.4	12.7	9.2	n.a.	n.a.
Services to population growth rate, y-o-y, %	3.5	0.2	2.4	-1.4	3.0	6.1	7.2	6.6	n.a.	n.a.
Merchandise exports, million USD	107.7	99.1	118.5	122.6	149.5	179.2	204.8	186.9	n.a.	n.a.
Merchandise imports, million USD	297.1	322.7	314.0	301.5	345.0	373.4	405.4	439.9	n.a.	n.a.
Official reserve assets, million USD	1422.1	1421.6	1507.5	1551.4	1619.3	1645.4	1610.9	1717.7	1744.5	1739.8
Registered unemployed, persons, end-period	52480	49530	47412	46216	43329	41333	39943	40719	44170	50095
Real wage growth rate, y-o-y, %	-0.3	0.4	0.7	2.2	0.9	1.7	2.8	-1.0	n.a.	n.a.
Budget revenues growth rate, cumul. y-o-y, %	13.7	14.5	13.7	14.1	15.4	15.1	14.6	18.5	n.a.	n.a.
Consumer prices growth rate, y-o-y, %	7.9	7.8	7.6	7.8	8.0	8.0	7.7	8.1	6.7	n.a.
Nominal exchange rate, end-period, MDL/USD	12.83	12.84	12.27	12.20	12.02	11.81	12.12	12.15	11.98	11.99
Nominal exchange rate, end-period, MDL/EUR	15.93	15.65	16.06	15.43	16.34	16.36	15.96	16.10	16.44	16.53
Broad money (M2) growth rate, y-o-y, %	22.74	22.41	22.29	22.07	22.53	29.42	25.47	18.36	17.33	n.a.
Central bank refinancing rate, end-period, %	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	8.0	8.0
Bank deposit rate, %	6.45	6.65	7.79	7.99	7.43	6.79	6.82	6.54	6.79	n.a.
Bank lending rate, %	16.81	16.46	16.02	16.44	15.80	15.88	15.24	14.76	15.24	n.a.
Banks liquid assets, % of total assets	35.55	34.81	33.94	33.59	34.05	33.19	33.36	34.15	34.62	n.a.
Banks unfavorable credits, % of total credits	17.34	17.47	17.83	17.38	15.67	15.23	14.80	13.33	13.39	n.a.
Currency deposits, % of total deposits	50.18	49.75	49.70	49.00	48.88	48.32	47.92	48.45	48.55	n.a.

Source: NBS, NBM and EG calculations and estimates;

TABLE 2. MOLDOVA: KEY LONG-TERM ECONOMIC INDICATORS

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Population, million (excludes Transnistria), end year	3.628	3.618	3.607	3.600	3.590	3.581	3.573	3.568	3.563
GDP, billion USD, current prices	1.662	1.981	2.598	2.988	3.408	4.401	6.055	5.403	5810
GDP per capita, USD at PPP	1761	1923	2126	2359	2559	2720	3004	2839	n.a.
GDP growth rate, y-o-y, %	7.8	6.6	7.4	7.5	4.8	3.0	7.2	-6.5	6.9
Private consumption growth rate, y-o-y, %	5.9	18.5	6.2	10.1	7.0	3.6	4.5	-7.9	9.0
Gross fixed capital formation growth rate, y-o-y, %	1.1	19.2	11.0	17.7	2.8	10.5	-7.8	-37.2	17.2
Industrial production growth rate, y-o-y, %	10.8	15.6	8.2	7.0	-4.8	-1.3	0.7	-22.2	7.0
Agricultural production growth rate, y-o-y, %	3.4	-13.6	20.8	0.8	-1.1	-23.1	32.1	-9.9	7.9
Share of industry in GDP, %	20.2	20.5	20.5	19.1	18.0	19.1	13.9	13.0	13.3
Share of agriculture in GDP, %	21.0	18.3	17.5	16.4	14.8	10.0	8.8	8.5	12.0
Merchandise exports, million USD	659.7	805.1	994.1	1104.6	1060.8	1373.3	1646.0	1321.5	1582.1
Merchandise imports, million USD	1037.5	1428.1	1748.2	2296.1	2644.4	3676.4	4866.3	3333.0	3855.3
Service exports, million USD	216.65	249.93	332.08	398.94	465.66	625.08	837.2	677.7	n.a.
Service imports, million USD	256.99	294.26	353.05	419.68	487.64	631.16	824.72	701.8	n.a.
Net foreign direct investment, million USD	83.6	73.64	147.8	190.86	234.16	522.04	691.49	112.0	n.a.
Net work remittances, million USD	286.3	440.2	659.5	868.8	1119.0	1419.4	1795.8	1342.4	n.a.
Current account/GDP, %	-4.0	-6.6	-2.2	-8.1	-11.7	-15.2	-16.7	-8.6	n.a.
Official reserve assets, end-year, million USD	268.87	302.27	470.27	597.44	775.3	1333.7	1672.4	1480.3	1717.7
Total external debt stock, million USD	1816.5	1929.4	1881.8	2078.1	2528.9	3355.9	4106.1	4368.8	4618.1e
External debt/GDP, %	109.3	97.5	72.5	69.6	74.3	76.3	67.9	80.8	n.a.
External debt/exports of goods and services, %	198.2	182.2	141.5	138.0	164.8	167.4	164.6	215.1	n.a.
Employment rate, % of population aged above 15	53.3	47.5	45.7	45.4	42.9	42.5	42.5	42.8	38.5
Unemployment rate, % of economically active population	6.8	7.9	8.1	7.3	7.4	5.1	4.0	6.4	7.5
Real wage growth rate, y-o-y, %	20.9	15.4	10.1	6.8	14.2	8.0	10.2	9.0	0.7
Consumer prices, year average, %	5.2	11.6	12.5	12.0	12.8	12.4	12.8	0.0	7.4
General government balance, % of GDP	-2.2	1.0	0.4	1.5	-0.3	-0.3	-1.0	-7.0	-2.5
General government expenditure, % of GDP	31.5	33.1	35.1	37.0	40.1	41.8	41.6	43.5	40.8
Exchange rate, year average, MDL per USD	13.6	13.9	12.3	12.6	13.1	12.1	10.4	11.1	7.4
Broad money (M2) growth rate, y-o-y, %	30.4	24.4	44.8	36.7	12.2	47.3	18.3	-3.8	18.4
Central bank refinancing rate, end-year, %	9.5	14.0	14.5	12.5	14.5	16.0	14.0	5.0	7.0
Total commercial bank loans, % of GDP	27.9	28.5	30.3	30.2	33.6	40.2	39.8	41.4	37.2
Bank deposit rate, %	14.4	12.7	15.2	13.0	11.9	15.1	18.1	14.7	7.56
Bank lending rate, %	23.1	19.2	21.0	18.9	18.2	18.9	21.0	20.3	16.25

Source: NBS, IMF, NBM and EG calculations and estimates;